

August 2020

Energy and Telecommunications Interim Committee  
Trevor Graff

## **FINAL REPORT TO THE 67<sup>TH</sup> MONTANA LEGISLATURE**

# **HJ 12 TRANSMISSION INFRASTRUCTURE STUDY: GRID CAPACITY AND SECURITY**

# ENERGY AND TELECOMMUNICATIONS INTERIM COMMITTEE MEMBERS

Before the close of each legislative session, the House and Senate leadership appoint lawmakers to interim committees. The members of the Energy and Telecommunications Interim Committee, like most other interim committees, serve one 20-month term. Members who are reelected to the Legislature, subject to overall term limits and if appointed, may serve again on an interim committee. This information is included in order to comply with 2-15-155, MCA.

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**This report is a summary of the work of the Energy and Telecommunications Interim Committee,** specific to the Energy and Telecommunications Interim Committee’s 2019-2020 HJ 12 Grid Infrastructure Study study as outlined in the Energy and Telecommunication Interim Committee’s 2019-20 work plan. Members received additional information and public testimony on the subject, and this report is an effort to highlight key information and the processes followed by the Energy and Telecommunications Interim Committee in reaching its conclusions. To review additional information, including audio minutes, and exhibits, visit the Energy and Telecommunications Interim Committee website: [www.leg.mt.gov/etic](http://www.leg.mt.gov/etic).

**A full report** including links to the documents referenced in this print report is available at the Energy and Telecommunications Interim Committee website: [www.leg.mt.gov/etic](http://www.leg.mt.gov/etic).

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# PUBLIC UTILITY REGULATION: MONTANA CONSIDERATIONS

## ETIC FINDINGS AND RECOMMENDATIONS

The Energy and Telecommunications Committee (ETIC), conducted several panel discussions in its study of transmission infrastructure. The committee examined renewable energy deployment in the state, grid security, and grid capacity issues. ETIC members did not take up legislation regarding this topic. The following is a summary of key information gained in the committee's work.

## MONTANA RENEWABLES DEVELOPMENT

At the committee's September 23, 2019 meeting, committee members heard from Mark Reller, Boneville Power Administration (BPA) Montana liaison and Mike Cashell, NorthWestern Energy vice president of Transmission. The discussion centered largely around the recent Montana Renewable Development Action Plan process and the following are key findings of that group's work:

- There is (or will soon be) a significant amount of transmission capacity -- from existing available capacity, the planned retirement of Colstrip units 1 and 2, and relatively low-cost transmission upgrades -- to support the development of a substantial quantity of Montana renewables for export to the Pacific Northwest.
- The existing transfer capability of the Colstrip Transmission System can, with relatively minor investments (compared to new line builds), support a one-for-one replacement of Colstrip generation with new resources, including variable energy resources.
- As long as the Colstrip 500-kV transmission system remains intact and with proper enhancements, steady state and dynamic studies indicate new transmission lines are not required to reliably maintain high transfer capacity.
- The 500-kV system is also essential for reliable load service both within Montana and for supporting exports.
- Adequate Voltage support in local areas may be a concern following Colstrip generation retirement. However, the location of replacement generation may help address it. Voltage control can be provided by a number of means.
- NorthWestern Energy relies heavily on import capability to meet peak needs.

Resources:

[Montana Renewables Development Action Plan, June 2018](#)

[NorthWestern Energy MRDAP Update](#)

["A Pile of Retirements: The Next 10 Years for Western Coal Plants](#)

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## GRID SECURITY

At the committee's January 13, 2020, meeting, committee members heard from a five-member panel including representatives of the BPA, NorthWestern Energy, and Montana electric cooperatives regarding grid security. The committee found that most grid security issues fall under the jurisdiction of the U.S. Department of Homeland Security and other federal agencies and that cybersecurity threats are prevalent on systems in Montana.

Panel members provided the following resources for further review:

[NorthWestern Energy Physical Security, Wildfire Response and Prevention Incident Command System, 2020](#)

## GRID CAPACITY

At the committee's July 15, 2020, meeting, committee members heard from a four-member panel regarding grid capacity and the Western Energy Imbalance Market. The panel provided the following resources for further review:

[2018 Understanding Energy in Montana Guide, Transmission Section](#)

[NorthWestern Energy, Federal Regulatory Commission](#)

[Western Energy Imbalance Market Update](#)

## WILDFIRE LIABILITY

Committee Members also sought to examine the impact of wildfires and wildfire liability issues on utilities and the transmission system in the state. Due to impacts of the COVID-19 Pandemic, members did not complete that portion of the study, but included the following information in this report.

The following statutes currently administer fire liability in Montana:

**50-63-101. Examination of premises where fire occurred authorized.** In the performance of the duties imposed by the provisions of this chapter, officers of the department of justice may, as authorized by law, enter upon and examine any building or premises where a fire has occurred and other buildings and premises adjoining or near thereto.

State fire prevention and investigation program, Title 50, ch. 3.

**50-63-102. Civil penalty for setting or leaving fire causing damage.** A person who sets or leaves a fire that spreads and damages or destroys property of any kind not belonging to the person is subject to a civil penalty of not less than \$50 or more than \$500.



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# PUBLIC UTILITY REGULATION: MONTANA CONSIDERATIONS

**50-63-103. Liability of offender for damages and costs.** Except as provided in 50-63-104, a person who sets or leaves a fire that spreads and damages or destroys property of any kind not belonging to the person is liable for all damages caused by the fire, and an owner of property damaged or destroyed by the fire may maintain a civil suit for the purpose of recovering damages. A person who sets or leaves a fire that threatens to spread and damage or destroy property is liable for all costs and expenses incurred, including but not limited to expenses incurred in investigation of the fire and administration of fire suppression, by the state of Montana, by any forestry association, or by any person extinguishing or preventing the spread of the fire.

**50-63-104. Liability for forest or range fires.** (1) In a civil action against any person or legal entity that is not a state government entity or a political subdivision of state government, for a forest or range fire caused by a negligent or unintentional act or omission that is not willful or wanton, the real and personal property damage is limited to:

- (a) the reasonable costs for controlling or extinguishing the forest or range fire;
- (b) economic damages; and
- (c) either:
  - (i) the diminution of fair market value of the real and personal property resulting from the fire; or
  - (ii) the actual and tangible restoration costs associated with restoring the damaged real and personal property to its undamaged state to the extent that those actual and tangible costs are reasonable and practical.

The costs of restoring the unimproved property may not be greater than the fair market value of the property immediately before the fire.

(2) As used in this section:

(a) "economic damages" means objectively verifiable monetary loss, including but not limited to out-of-pocket expenses, loss of earnings, loss of use of property, and loss of business or employment opportunities;

(b) "fair market value" means the amount a willing buyer would pay a willing seller in an arm's-length transaction when both parties are fully informed about all of the advantages and disadvantages of the property and neither is acting under any compulsion to buy or sell, as determined by a certified appraiser who is qualified to appraise the property;

(c) "forest or range fire" means a fire that burns any unimproved real property located outside of an incorporated municipality, regardless of whether there are improvements also affected by the fire and regardless of whether the fire also burns property within an incorporated municipality.

In August 2013, The U.S. Department of Agriculture provided the following resources to the Montana Public Service Commission:

[Forest Health and Western Utilities, USDA](#)